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Assistance to the Palestinian people

Report of the Secretary-General

Summary

The year under review saw the continuation of violence between Israelis and Palestinians, with hundreds of victims on both sides. Tight internal and external closures, widespread curfews, incursions and other measures taken by the Israeli military led to a further worsening of economic indicators and to an increase in poverty and unemployment levels among Palestinians. The capacity of the Palestinian Authority was diminished just as needs increased. The central challenge facing authorities and the international community was how to meet growing emergency and humanitarian needs at the same time as maintaining medium and longer-term objectives.

The United Nations system continued to work hard to maintain Palestinian capacities to provide essential services, to repair damage to infrastructure and to meet urgent needs. However, the planning, management and implementation of projects were hampered by restrictions placed on United Nations staff, notably locally recruited Palestinian staff, a deteriorating security environment and problems of access. This often required re-gearing of programmes and a shift in emphasis from development to emergency activity.

The present report outlines the efforts made by the United Nations system, in cooperation with Palestinian and donor counterparts, in order to support the Palestinian civilian population under extremely difficult circumstances.

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** E/2003/100.

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I. Introduction

1. The present report is submitted pursuant to General Assembly resolution 57/147 of 16 December 2002 on assistance to the Palestinian people, in which the Assembly requested the Secretary-General to submit a report to it at its fifty-eighth session, through the Economic and Social Council, on the implementation of the resolution. The report covers the period from June 2002 to May 2003.

2. It should be noted that information concerning the living conditions of the Palestinian people is provided in separate, periodic reports prepared by the Office of the United Nations Special Coordinator for the Middle East Peace Process and Personal Representative of the Secretary-General to the Palestine Liberation Organization and the Palestinian Authority (UNSCO). In addition, a separate report prepared by the Economic and Social Commission for Western Asia (ESCWA) on the economic and social repercussions of the Israeli occupation on the living conditions of the Palestinian people in the occupied Palestinian territory, including Jerusalem, and of the Arab population of the occupied Syrian Golan (A/58/75-E/2003/21), provides detailed information on the living conditions of the Palestinian people, including the current crisis situation. The annual report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) provides information, inter alia, on the socio-economic conditions of the registered refugee population in the occupied Palestinian territory.[1]

3. Throughout the period under review, the United Nations Special Coordinator has maintained his efforts to fulfil the mandate of his office, including ensuring effective coordination between the relevant institutions of the Palestinian Authority, the United Nations and the international community, as well as documenting the economic and social conditions in the occupied Palestinian territory.

II. Overview of the current crisis

A. Background

4. Since the outbreak of the violence in September 2000, more than 2,500 Palestinians and 700 Israelis have lost their lives, while many more have been wounded on both sides. This has been the result of, on the one hand, terrorist attacks against Israelis by various Palestinian factions and, on the other hand, extensive retaliatory operations, pre-emptive strikes and attacks on suspected militants by the Israel Defense Forces (IDF), as well as violence perpetrated by settlers.

5. In view of the continued cycle of violence and the complete impasse between Israel and the Palestinians, the international community took the lead in proposing a way out of the current crisis. On 30 April 2003, the Quartet (composed of the United States, the United Nations, the European Union and the Russian Federation) formally presented to the parties its road map,[2] a plan that proposes parallel steps to be taken by both sides to resolve the Israeli-Palestinian conflict and end the occupation that began in 1967, by realizing the vision of two States, Israel and Palestine, living side by side in peace and security.

B. Humanitarian and socio-economic crisis

6. As observed in August 2002 by the Personal Humanitarian Envoy of the Secretary-General, Catherine Bertini, the proximate cause of the Palestinian humanitarian and economic crises has been Israel's systematic imposition of severe restrictions on the movement of Palestinian goods and people across borders and within the West Bank and Gaza Strip. This strict closure policy has effectively divided the occupied Palestinian territory into approximately 50 isolated pockets. Furthermore, the residents of these areas have frequently been obliged to live under sustained curfews imposed by IDF, often for many days or weeks at a time.

7. The policy of systematic closures led to a four-fold crisis. First, the Palestinian economy shrunk dramatically, resulting in widespread unemployment and poverty, which lowered average incomes and limited the ability of Palestinians to purchase basic commodities and services. Secondly, access to services was severely limited owing to the restrictions on Palestinians' freedom of movement. Thirdly, damage to many public facilities and the severe fiscal crisis of the Palestinian Authority resulted in mounting difficulties in maintaining the provision of services. Lastly, movement restrictions also hampered the ability of international organizations such as the United Nations and aid agencies to reach their target populations so as to provide much needed humanitarian relief. Efforts to adapt to these movement restrictions led to an increase in the cost of humanitarian aid delivery.

8. Owing to internal closures, access to health-care services, which are mainly located in cities, was severely curtailed. These limitations were particularly threatening to patients who required regular follow-up and treatment for chronic conditions. Food security was also severely affected. Per capita food consumption declined by 30 per cent in the past two years. The Palestinian Central Bureau of Statistics (PCBS) reported that approximately one in every four women and children under five years of age suffered from mild anaemia, while 15.3 per cent of children under five years of age and 6.1 per cent of women between the ages of 15 and 49 suffered from moderate anaemia. Many schools were unable to operate for extended periods during curfews. According to the World Bank, 170,000 children and over 6,650 teachers were unable to reach their regular classrooms and at least 580 schools were closed owing to curfews, closures and home confinement.

9. Dramatic increases in unemployment and poverty were seen throughout the occupied Palestinian territory. According to a World Bank report entitled "Two Years of Intifada, Closures and Palestinian Economic Crisis: An Assessment", published in March 2003, 60 per cent of the population of the West Bank and Gaza lived under a poverty line of US$ 2 per day, up from 20 per cent in 1999. The numbers of the poor tripled from 637,000 in September 2000 to nearly 2 million in March 2003 and gross national income per capita fell to nearly half of what it was two years ago. More than 50 per cent of the work force was unemployed and more than half of Palestinians were receiving some form of donor-financed food assistance.

10. Private sector activity, the engine of economic growth, also suffered severely as a result of declining incomes and failing demand, political uncertainty and the impact of closures and violence. According to the Palestinian Federation of Industries, by July 2002, 17 per cent of all businesses in the occupied Palestinian territory had shut down and only 7 per cent were operating at pre-crisis levels.

About a third of all businesses encountered serious debt service problems. Between June 2000 and June 2002, Palestinian exports declined by almost a half and imports by a third. Investment shrunk from an estimated $1.5 billion in 1999 to only $140 million in 2002. Overall income losses in the first two years of the conflict reached $5.4 billion, the equivalent of one full year of national income prior to the crisis. Agricultural production also seriously declined. The construction of a "separation wall" by the Government of Israel, which began in late summer 2002, was expected to reduce farmers' access to their land further and therefore represents yet a new form of closure. If the closure policy persists, the private sector is expected to experience further decline, with serious long-term structural consequences. In addition to the losses incurred on various levels owing to closure, physical damage resulting from IDF incursions and attacks amounted to losses of $728 million by the end of August 2002, including substantial damage to agricultural systems, infrastructure, public buildings and private houses. Extensive damage was caused to dwellings and the household effects of thousands of families in the occupied Palestinian territory. In April-May 2002, a donor-led damage assessment estimated the number of damaged and destroyed private and refugee housing units to be over 40,000.

C. Palestinian Authority fiscal situation

11. The International Monetary Fund (IMF) reported that the fiscal position of the Palestinian Authority was precarious and that it remained highly dependent on external budget support to pay civil servant salaries and to deliver key services. As a result of rising unemployment, reduced demand, increased difficulties in tax collection and the continued withholding by the Government of Israel of taxes collected on the Palestinian Authority's behalf, monthly revenues dropped from $91 million in late 2000 to $19 million in March 2003. A collapse of the Palestinian Authority was avoided by donor budget support, which totalled $1.1 billion over the last two years. The recent resumption of tax revenue transfers by the Government of Israel was a positive development and allowed the Ministry of Finance to present, for the first time, a consolidated budget for 2003 to the Palestinian Legislative Council (PLC). On 1 February 2003, PLC approved the 2003 budget of the Palestinian Authority. The Ad Hoc Liaison Committee noted that, even assuming the newly reinstated regular monthly revenue transfers by Israel, continued budget support from donors at a level of $44.6 million per month, for a total of $535 million in 2003, was necessary to ensure that the budget was fully funded and arrears were settled.

III. United Nations response to the crisis

A. United Nations development assistance

12. Upon the outbreak of violence in September 2000 and the further worsening of the humanitarian situation owing to the Israeli incursions in April 2002, the United Nations system in the occupied Palestinian territory faced the challenge of rapidly adapting its activities and assistance to respond to the growing socio-economic crisis and emergency needs on the ground. This required the adoption of a two-track strategy that comprised both emergency humanitarian assistance and the

continuation, whenever and however possible, of ongoing development programmes. Some long-term development activities were postponed or cancelled, as priority had to be given to emergency activities. Despite the difficult working conditions, however, many development initiatives continued and these are discussed briefly below, according to the sectors defined by the Palestinian Authority in its Palestinian Development Plan.

Infrastructure and natural resources management

13. During the reporting period, the United Nations Development Programme (UNDP) continued its technical assistance and infrastructure support to local government in microregions in the West Bank and Gaza Strip. In the area of environmental conservation, UNDP and the Global Environmental Facility (GEF) continued to work together to preserve the wetlands in the Gaza Strip. The programme to clean up the wetlands of Wadi Gaza and turn them into a nature reserve is scheduled to be completed by July 2003. With $7.8 million from the Government of Japan, UNDP initiated a project to develop a storm-water drainage system in the southern Gaza Strip in order to alleviate damage caused during the rainy season. Environmental health services provided by UNRWA to the refugee camp population included sewage disposal, management of storm-water runoff, provision of safe drinking water, collection and disposal of refuse and control of insect and rodent infestation. The United Nations Environment Programme (UNEP) prepared a desk study on the state of the environment in the occupied Palestinian territory.

Institutional capacity-building

14. UNDP played an important role in the Palestinian Authority reform efforts. Thanks to start-up support and technical assistance provided through UNDP and other donors, the Palestinian Central Elections Commission has been established and is functioning. UNDP also allocated funds for reform of local government and initiated a diagnostic study to identify the strengths and weaknesses of the local government system. Within the financial domain, UNDP provided support to reform the internal audit capacity of the Palestinian Authority in close cooperation with the Ministry of Finance and the General Control Institute.

15. The four-year Assistance to the Palestinian People programme of the United Nations Population Fund (UNFPA) consists of three subprogrammes, namely Reproductive Health, Population and Development Strategies, and Advocacy. Under its Population and Development Strategies subprogramme, UNFPA assisted Bir Zeit University in developing curricula for a multidisciplinary graduate course on population and development. Furthermore, UNFPA launched a project to strengthen the capacity of PCBS, the Ministry of Health and the Ministry of Education to promote connectivity between various elements of the statistical system. Progress was also achieved to integrate population communication concepts into the curricula of the Mass Communication Department at An-Najah University. With UNFPA support, PCBS launched a programme on population research and training of decision makers and middle managers on utilization of census and survey data. The contribution of the United Nations Educational, Scientific and Cultural Organization (UNESCO) to this sector included an independent mission to evaluate the Palestinian News Agency, WAFA.

16. The United Nations Conference on Trade and Development (UNCTAD) was able to complete phase I of the Customs Administration capacity-building project and achieved progress in four other ongoing technical assistance projects: support for small and medium-sized enterprise development; strengthening capacities in debt-monitoring and financial analysis; strengthening trade efficiency and strengthening trade policies and strategies.

17. The International Labour Organization (ILO) was in the process of concluding its technical assistance programme to the Palestinian General Federation of Trade Unions (PGFTU). This included capacity-building at the regional level and skills training at the local level and strengthening PGFTU training centres. Through its Better Skills for a Better Future project, ILO aimed to improve the quality of information technology skills by equipping computer training centres at Ministry of Labour vocational training centres in Ramallah, Jenin and Khan Younis. During the period under review, UNEP support allowed various Palestinian ministers and professionals to attend international conferences related to environmental issues in their respective sectors.

Human resources and social development

18. In the education sector, the single largest area of UNRWA activity, the Agency's expenditure in 2002 in the occupied Palestinian territory was $84.4 million. The UNRWA education programme represents the Agency's chief investment in the human resources of Palestine refugee youth in the West Bank and Gaza Strip. However, despite progress in the construction and upgrading of Agency schools, lack of funds and sites for school construction meant that many schools continued to be accommodated in unsatisfactory rented premises and suffered from overcrowding. Through its Vocational and Technical Training Centres, the Agency provided skills training programmes for youth, in-service teacher training and pre-service teacher training, leading, during the 2002-2003 school year, to a first university degree for 2,596 trainees, of which over 1,000 were women. The UNDP Palestinian Schoolnet Project launched an educational Internet portal in May 2002 and established 20 computer centres in schools throughout the occupied Palestinian territory. UNESCO continued its project aimed at providing financial assistance to some 55 Palestinian students for university studies abroad.

19. In the health sector, UNRWA operated 51 health facilities, which provided comprehensive primary health care, handling 3.3 million patient visits in 2002. In addition, the Agency provided maternal health care through six maternity units integrated within its health centres in the Gaza Strip. UNRWA expenditure in 2002 for its health programme in the occupied Palestinian territory was $25.1 million. The United Nations Children's Fund (UNICEF) focused on safeguarding important public health investments, such as child immunization campaigns. UNFPA activities in this sector included supporting provision of quality reproductive services and counselling in 48 health facilities through a comprehensive training programme for some 100 health personnel. Through a joint UNFPA/UNICEF initiative to improve adolescent lives, a plan of action was put together with the Ministry of Health to integrate reproductive health and gender concepts in the curricula of the 9th and 10th grades. UNFPA and the OPEC (Organization of Petroleum Exporting Countries) Fund for International Development, together with the Ministry, launched a joint project for prevention and management of HIV/AIDS in the Gaza Strip and the West Bank. In cooperation with the Ministry, the World Health Organization

(WHO) finalized the essential drug list now used as a basis for drug procurement. WHO further continued functioning as the secretariat of the Health Sector Working Group. Within the same donors-Palestinian Authority coordination framework, thematic subgroups on nutrition, mental health, health management information and reproductive health were established. WHO implemented activities in the area of nutrition, including the development of a nutritional and epidemiological surveillance system, and its Food Safety Initiative involved conducting training courses on the Hazard Analysis Critical Control Point System. The Brucellosis Control Project, implemented by WHO and UNDP with the relevant ministries, entered its final stages. The organization's Mental Health Programme included developing long-term mental health policy and legislation and an emergency project involving the support of community mental health centres. WHO was also engaged in its Decentralized Cooperation project, which involved linking communities in donor countries with communities in the developing world.

20. During the reporting period, UNDP published the Palestinian Poverty Report and the Human Development Report for 2002 and launched the Millennium Development Goals Report for the occupied Palestinian territory.

Human rights and women

21. The Office of the United Nations High Commissioner for Human Rights began its current two-year project in August 2002. This project included support for the rule of law in the form of human rights education. The Office conducted a number of training courses, such as four lawyer courses, one course on human rights for prison guards at the Gaza Central Prison and two human rights courses for Ministry of Planning and International Cooperation staff and Palestinian journalists. It supported and organized the visit of two staff of the Palestinian Legislative Council to South Africa and the development of guidelines on arrest and detention and the use of force and firearms for the Palestinian police. It continued its Assisting Communities Together (ACT) project to support grass-roots initiatives for the promotion and protection of human rights by means of small grant projects provided jointly by the Office and UNDP. UNICEF supported activities designed to promote the peaceful and non-violent participation of children and youth in the social and cultural life of the occupied Palestinian territory through summer camps, sports activities and youth forums. UNFPA worked to enhance further the capacity of three women's centres in reproductive health and psychosocial and legal counselling.

Productive sectors

22. UNDP continued its active support for rural and economic development. Approximately $5.8 million in new projects in land reclamation and integrated rural development were initiated during the reporting period. In August 2002, UNDP launched a project to improve the economic stability of Bedouin communities in the West Bank and a project to revitalize the handicraft industry in the Bethlehem district. Under the UNDP employment generation scheme, $3 million were allocated to restore and rehabilitate cultural heritage sites damaged in the conflict. To help alleviate poverty, a component of the UNFPA economic empowerment project was introduced, whereby disadvantaged women and their families were trained on managing small businesses and received loans or grants. WHO launched its Good Manufacturing Practice (GMP) Initiative for the purpose of working towards the implementation of the WHO GMP standard. ILO proposed the creation of a

Palestinian Fund for Employment and Social Protection. Its role would be to design and deliver efficient and effective solutions to aid the growth of social and human capital, support the development of the Palestinian business community and create job opportunities that address the needs of the most vulnerable groups of the population.

23. In October 2002, UNESCO carried out a cultural heritage mission to finalize the plan of action for the Conservation Master Plan for Bethlehem. Two more cultural heritage missions were dispatched to Nablus at the end of 2002 for the project on technical assistance for the rehabilitation of the Khan Al-Wakalat caravanserai.

B. United Nations assistance emergency focus

Infrastructure and natural resources management

24. UNRWA continued implementation of its Jenin Rehabilitation Project, which includes reconstruction of the homes of 419 families that were demolished in the refugee camp during the Israeli military incursion in April 2002. Furthermore, by the end of February 2003, UNRWA had provided financial assistance to 3,134 families to repair minor damage to their homes. The rebuilding of sections of the camp destroyed in April 2002 and of homes damaged in subsequent IDF incursions was seriously hampered by closures, curfews and Israeli military operations. In spite of these obstacles, removal of all debris was completed by the end of March 2003. WHO provided the engineering consultancy to assess the condition of the infrastructure in the camp and to prepare a feasibility study and cost estimates for any new and remedial work needed to ensure a reliable water supply and drainage system. The assessment of water and waste-water networks began on 20 February 2003.

25. In the Gaza Strip, since the beginning of the crisis in September 2000, a total of 1,083 shelters belonging to 1,098 refugee families (7,466 persons) were destroyed or damaged beyond repair as a result of Israeli military actions. Some 1,165 additional shelters sustained various degrees of repairable damage. In response, UNRWA in Gaza reconstructed, or is in the process of reconstructing, 983 dwellings. Further repairs on 1,110 shelters were either finished or under way. Between 1 May 2002 and 31 March 2003, UNRWA offered financial assistance totalling $1,030,446 to 141 families to reconstruct their dwellings that were destroyed in the West Bank (excluding Jenin). Financial assistance amounting to $274,853 went to another 102 families whose dwellings sustained major structural damage. A total of 6,520 families received grants totalling $2,707,232 to carry out minor repairs to their homes.

Emergency support to key sectors

26. UNRWA addressed the challenges presented by curfews and closures to its educational programmes by conducting remedial classes for 60,000 children in the Gaza Strip. In the West Bank, the Agency's ability to mount effective and sustained emergency education interventions was undercut by a regime of closure that restricted movement to a much greater degree than in the Gaza Strip. There were 9,708 students in the West Bank attending remedial education classes as of 31 March 2003, while 7,879 students took part in extra-curricular activities during the

summer of 2002. The UNICEF response to the education emergency also focused on ensuring that as many children as possible had the opportunity to continue learning, even if they could not reach their schools owing to closure and curfew. To this end, UNICEF supported alternative education projects and the "back to school" campaign to ensure that 1 million Palestinian children would be back in school by September 2002.

27. UNRWA emergency interventions in the health sector included the provision of mobile medical teams and enhancing the capacity of emergency and casualty care systems. UNRWA also established a community-based programme for providing counselling and psychological support to vulnerable population groups in the West Bank with special emphasis on youth and children. UNRWA assistance to refugees sustaining physically disabling injuries took the form of physiotherapy, prostheses, training and modifications to housing to enhance physical mobility. UNDP provided emergency funding for health sector medical equipment, supplies and training. Given the grave consequences of restricted access for women in labour, UNFPA continued a community-based emergency obstetric care programme, whereby training was provided to 160 health personnel in maternal and newborn care. Medical equipment and supplies, essential obstetric drugs and contraceptives were procured by UNFPA. The UNICEF response to the increased psychosocial distress among Palestinian children included the training of school counsellors, kindergarten teachers and social workers, while UNDP was in the process of establishing three district-level psychological counselling centres. With UNFPA support, psychosocial counselling was provided to women and their families through three model women health centres, and to youth and adolescents within the school health and counselling programmes. WHO supported the establishment of the Health Inforum, aimed at supporting decision-making capacities of the health sector working groups and focusing on the collection of health data. WHO provided the Ministry of Health with logistic support for the transportation of medicines and vaccines and continued to provide customs clearance support to United Nations agencies and the Ministry.

28. The World Food Programme (WFP) approved, in May 2002, its emergency operation programme, the objective of which is to cover the increased food requirements of the non-refugee population affected by the current humanitarian crisis. In addition, in 2003 WFP began a supplementary feeding programme for 6,145 malnourished children and their families in the Gaza Strip and the southern West Bank. WFP was also providing 11,190 metric tons of foodstuffs to the International Committee of the Red Cross (ICRC) to assist 180,000 hardship cases in the rural areas of the West Bank. The Food and Agriculture Organization of the United Nations, in close technical cooperation with WFP, UNDP/Programme of Assistance to the Palestinian People and UNRWA, assisted in the drafting of the Food Security Strategy for the Humanitarian Action Plan for 2003. The overall objective of this plan was to prevent deterioration in the nutritional situation of the population and a collapse of the agriculture-based household economy.

29. Although its technical assistance is mainly geared to addressing institutional capacity needs, in the last quarter of 2002 UNCTAD initiated joint efforts with the Palestinian Authority Ministry of Economy, Trade and Industry and the Palestinian Agriculture Relief Committee (PARC) to support the livelihood of Palestinian farmers. The objective was to assist Palestinian farmers to market their large surplus of olive oil through international trade and targeted market access.

Human rights and women

30. UNFPA, WHO and UNICEF formed an advocacy group on health to promote easy access to health care for the Palestinian population. UNFPA helped the Ministry of Health to produce a documentary on the adverse impact of the closures on access of women in labour to hospitals and for safeguarding reproductive rights of Palestinians. Furthermore, the group assisted PCBS in assessing the impact of the construction of the Israeli "separation wall" and the resulting displacement of populations. Through a UNFPA initiative, participants from four Palestinian women's NGOs were trained in Bratislava on effective techniques to promote gender concerns in emergencies and post-conflict situations.

Emergency support to productive sectors

31. Since September 2000, UNDP has mobilized over $100 million for its Emergency Response Programme, designed to provide humanitarian assistance and alleviate economic hardship, mainly through labour-intensive, employment-generating infrastructure projects. Major projects initiated by UNDP include projects to restore damaged public and private infrastructure in towns and refugee camps, as well as health-care infrastructure, employment generation through restoration of damaged historical sites and the "Tashghil" project, designed to create jobs by developing and improving social and agricultural infrastructure and cultural heritage sites. UNDP also launched a multicomponent humanitarian assistance project designed to reactivate local markets by buying local products for food distribution.

32. WFP implemented its Food-For-Work and Food-For-Training schemes wherever possible in order to sustain agriculture and food production in the current conditions. A total of 17,500 families were participating in community works that include terracing, rehabilitation of agricultural land, rural access roads and water systems, home gardens and rehabilitation of schools and clinics. Furthermore, with the goal of providing vital support to 1,600 poor farmers, WFP purchased locally and redistributed 272 metric tons of olive oil, the main local agricultural produce. As part of its response to worsening levels of poverty among refugees, UNRWA expanded the number of short-term employment opportunities, with an emphasis on the Gaza Strip. By the end of March 2003, over 272,000 individuals had benefited from this programme since its inception in January 2001. UNCTAD initiated joint efforts with the Palestinian Authority Ministry of Economy, Trade and Industry, and PARC, to support the livelihood of Palestinian farmers by assisting them to market their large surplus of olive oil.

C. Coordination

33. UNSCO provided support to United Nations programmes and agencies in the West Bank and Gaza Strip, both those with representation in the field and those based abroad. UNSCO convened the monthly United Nations coordination meeting, which was the principal forum for coordination of United Nations development assistance in the occupied Palestinian territory. During the reporting period, eight such meetings were held with the participation of 12 agencies working in the West Bank and the Gaza Strip.

34. On 12 November 2002, UNSCO organized the annual United Nations inter-agency meeting to provide the United Nations and assistance community with the opportunity to review the findings of the report entitled: "Humanitarian Plan of Action for the Occupied Palestinian Territory". The meeting served as an opportunity for discussion among the wider aid community about a strategic response to the humanitarian aspects of the current crisis. The meeting, which was also attended by the Palestinian Authority, identified further work that needs to be undertaken in the following areas: (i) development of a strategic approach to humanitarian needs; (ii) strengthening the coordination structure with emphasis on the Palestinian Authority's leading role; (iii) creation of an access tracking device in terms of delivery and utilization of assistance; and (iv) integration of advocacy into humanitarian work. Within the wider donor coordination framework, UNSCO continued to represent the United Nations system in various donor bodies aimed at strengthening the programmatic and advisory role of the United Nations, particularly in facilitating Palestinian Authority-donor relationships.

35. The United Nations Office for the Coordination of Humanitarian Affairs established five field offices with a view to supporting local coordination and priority-setting. Through its field offices and the establishment of the Humanitarian Information Centre, the Office provided extensive and relevant information on the humanitarian situation and tracked issues which affect the situation, such as closures and curfews, house demolitions and access problems. The Centre also hosted an incident tracking system, which assisted the United Nations and other partners in their dealings with the Israeli authorities. The Office further compiled information and data on the humanitarian crisis with a view to raising awareness and respect for international humanitarian law and facilitating sustainable solutions to the crisis.

IV. Donor response to the crisis

36. Since 2000, the donor community rapidly adapted its activities to respond to the socio-economic and humanitarian consequences of the crisis, without losing sight of medium and long-term development programmes. While donor commitments increased in 2002, the ratio of development assistance to emergency and budgetary assistance shifted from 7:1 in 2000 to 1:5 in 2002. Although overall commitments increased by 57 per cent in the period, development assistance declined by 70 per cent, while emergency and budgetary assistance increased by a factor of 10. During the reporting period, international community support focused on Palestinian Authority institutional reform efforts, direct support to the Palestinian Authority budget and on mitigating the impact of the economic and social crisis.

A. Support to Palestinian reform

37. In response to the publication of the 100-day Plan of Reform by the Palestinian Authority, in July 2002 the Quartet established the Task Force on Palestinian Reform in order to monitor and support implementation of Palestinian civil reforms and guide the international donor community in its support for the Palestinians reform agenda. This has resulted in significant technical and programmatic donor support in all reform areas. The Task Force worked with Palestinians to develop the Reform Action Plan, which highlighted Palestinian commitments, established

benchmarks, identified obstacles to reform and proposed areas for donor assistance. It conducted its activities through seven Reform Support Groups in the areas of civil society, elections, financial accountability, judicial and rule of law reform, market economics, local government and public administration and civil service reform.

38. In its meeting in London on 20 February 2003, the Task Force recognized that the ongoing conflict, continued restrictions on freedom of movement of persons and goods, deterioration of the humanitarian situation and destruction of local infrastructure and facilities constituted a significant hindrance to reforms. Noting the difficult security situation, it welcomed the clear and considerable progress made in several areas of Palestinian civil reform, in particular, the implementation of significantly higher standards of fiscal transparency and accountability, as well as work towards development of the public institutions and laws needed to promote a market economy. The Task Force also welcomed the decision of the Government of Israel to resume monthly transfers of Palestinian tax revenues, which permitted the Ministry of Finance to submit a fully financed budget for 2003.

39. The Task Force commended efforts to develop appropriate legislation and to coordinate economic policy with Palestinian business leaders. It also noted the considerable progress made in public administration and civil service reform but observed that progress in some areas, such as judicial reform, had been much slower. While acknowledging Israel's legitimate security concerns, there was consensus in the Task Force that mobility restrictions constituted a major impediment to reform, slowing progress and undermining the credibility of the reform process in many areas.

B. Emergency support

40. *Budgetary support*. According to IMF, Palestinian Authority average monthly expenditures dropped from $107 million prior to the crisis to $82 million in the first half of 2002. Non-wage expenditures accounted for only $24 million in mid-2002. This was relieved somewhat in late 2002 with the emergency services support programme, which, from September 2002 to February 2003, provided an average of $5.5 million per month for non-salary expenditures. Of the total international support in 2002, 56 per cent of the international commitments (and 60 per cent of the disbursement) went to budgetary support of the Palestinian Authority and municipalities. However, international budgetary support remained below what was needed. While the Ad Hoc Liaison Committee estimated the budgetary support needs for 2002 to be $876 million, actual disbursement was only $450 million. Palestinian Authority budgetary support from donors was not allocated formally to any particular public expenditure line; however, it provided 53 per cent of the Palestinian Authority's cash expenditures in the 2002 budget and ensured that its top fiscal priority — the payment of salaries — could be met. (Donors effectively financed some 75,000 staff and their families, in total, 480,000 people.) For the first time since its establishment, the Palestinian Authority published a detailed general budget for 2003. The budget aimed to eliminate any financing gap in 2003 and to clear the Palestinian Authority's debt, thereby restoring its credibility with the private sector, while providing a major stimulus to the recovery of commercial activity. For this to succeed, two things were needed: continued regular transfers by the Israeli Government of withheld tax revenues and continued donor budgetary support.

41. *Non-budgetary support.* Representatives at the meeting of the Ad Hoc Liaison Committee, held in Oslo in April 2002, noted the continued need for donor support in basic service delivery, private sector support, employment and welfare and physical reconstruction. Assistance in these areas needed to strike a balance — to the extent possible — between responding to emergency needs and the medium-term development priorities, while avoiding the creation of habitual dependencies. As the World Bank's economic assessment showed, support in all of the areas fell significantly short of the needs estimated by the Ad Hoc Liaison Committee. The $921 million needed translated to the disbursement of $329 million. In terms of basic service delivery, of the needed $219 million, $94 million were disbursed. The private sector received $19 million of the needed $75 million. Of the $327 million needed for employment and welfare, $151 million were actually disbursed. In terms of physical reconstruction, while the needs were estimated at $300 million, the disbursement was $65 million. The discrepancy between needs and actual disbursements was due to a number of factors. In some cases, donor institutional priorities affected the disbursement, while in others, the unavailability of funds and competing priorities caused the shortfall. Furthermore, in areas such as physical reconstruction, the Palestinian Authority and the donors were reluctant to repair infrastructure that could well be damaged again in the near future. According to the Palestinian Emergency and Public Investment Plan, issued in January 2003, priority areas requiring support in 2003 were job creation, cash and food assistance, health and environmental health, education and social services.

C. Donor coordination

42. The Ad Hoc Liaison Committee met again in London on 18 and 19 February 2003. It focused on the socio-economic and humanitarian situation, the fiscal situation, Palestinian reform, challenges to the assistance community and strategies for 2003. Committee members reaffirmed their commitment to restoring the capacity of the Palestinian Authority at the national and municipal levels to deliver basic services and provide law and order and agreed to work to recreate the conditions of normal economic life. Israel's cooperation in easing restrictions on the movement of goods and people and facilitating and safeguarding the work of the donor community were seen as central to these objectives. While the Ad Hoc Liaison Committee meeting was not a formal pledging conference, a number of donors announced financial contributions to meet immediate needs. Emergency needs for 2003 total approximately $2 billion. Of this, donors have pledged to disburse $1.2 billion during the course of the year.

43. The reporting period saw considerable discussion as to how coordination could be strengthened. This resulted, inter alia, in agreement to rationalize reporting arrangements under the Quartet and to establish a Humanitarian and Emergency Policy Group as an organ of the Local Aid Coordination Committee. There was consensus between the Palestinian Authority and donors that sectoral coordination needed to be simplified in the light of the emergency and discussions on the subject have been scheduled with the new Palestinian Authority Government. Operational coordination on the field level has also been strengthened and has profited from the newly established presence of the United Nations Office for the Coordination of Humanitarian Affairs.

V. Challenges ahead

A. Securing access and protection

44. Since the start of the intifada, in September 2000, the issue of access continued to be of critical concern to the international aid organizations. During the reporting period, Israel placed serious obstacles in the path of the international community's efforts at effective and efficient delivery of humanitarian and emergency assistance. Access to locations within the West Bank and Gaza Strip is not afforded on a uniform and reliable basis. Entire areas are and have been inaccessible for months at a time. Fixed roadblocks and manned checkpoints delay movement and the security of staff and goods is increasingly under threat owing to disregard by Israel Defense Forces troops of the right of access and their failure to recognize the symbols of international organizations. This was most tragically exemplified by the death of UNRWA staff member Ian Hook in Jenin on 22 November 2002.

45. My Humanitarian Envoy, Ms. Bertini, during her mission in August 2002, obtained from the Government of Israel several commitments that represent a minimum and specific set of humanitarian standards. The commitments were delivered in the context of health, water, immunities commonly enjoyed by international organizations and fishing rights. Reporting on the established benchmarks shows little progress so far. Consistent delays of ambulances at checkpoints continue, with patients in critical condition facing denial of access on a regular basis and medical staff often coming under fire; localities under curfew experience difficulties in receiving water tanks; the Gaza fishing zone has not been extended to 12 nautical miles. The United Nations will continue to track Israeli adherence to and compliance with the commitments submitted to the Bertini mission.

46. In these difficult circumstances, the Task Force on Project Implementation has played a useful role in enhancing the effectiveness of donor assistance. Particularly at the operational level, there has been some improvement in obtaining mobility of national staff. Moreover, the Israeli authorities have decentralized and strengthened their liaison system throughout the West Bank and have made additional staff available to resolve incidents and coordinate movement. Despite the progress achieved, outstanding issues remain. The Task Force has been unable to engage its Israeli interlocutors in a serious policy dialogue on how to enhance access and guarantee protection of its staff and goods without endangering Israeli security. It has been equally unable to initiate a dialogue on how to enhance the movement and security of project staff and aid beneficiaries. In order to overcome these constraints, the Task Force will maintain its emphasis on a dual-level approach — policy and operational — in pursuing its mandate, but at the same time will engage high-level bodies such as the Ad Hoc Liaison Committee and the Quartet to take on access and security-related issues also.

B. Maintaining the development agenda

47. Since the outbreak of the intifada, decreased revenues and severe mobility restrictions have led to a severe drop in the reliability and quality of Palestinian Authority service delivery, especially at the municipal level. Islamic welfare organizations have become relatively more important in meeting urgent needs.

Palestinian Authority ministries have been compelled to respond to the immediate humanitarian crisis, leaving little or no capacity for strategic planning. The challenge for the Palestinian Authority has been and remains to restore public confidence in national institutions, which requires reliable service delivery, while developing a more strategic outlook. Reforms under way in the financial field, moves initiated to develop a transparent national public investment strategy and the establishment of a separate Ministry for Planning are promising steps in the right direction. The challenge for donors has been and remains to balance their responsibility to respond to the immediate humanitarian needs, while continuing efforts to support long-term development and institutional capacity-building. Should a successful political process lead to the lifting of mobility and other restrictions, the economic situation could improve rapidly and the international community and the Palestinian Authority have to be ready to shift priorities quickly and accordingly. The United Nations and the donor community must explore ways in which to support Palestinian Authority planning, aid coordination, management and delivery capacity to meet immediate needs, while laying the basis for an economically viable Palestinian State, one in which the private sector can thrive as the engine of growth and internationally funded public investment is strategically deployed.

VI. Conclusions

48. **In the past year, the humanitarian and socio-economic crisis in the occupied Palestinian territory reached unprecedented levels. We have seen a dramatic reduction in the capacity of Palestinians to manage their own affairs and a growing dependency upon aid — budgetary, technical and humanitarian. The challenge ahead is how to meet urgent needs without undermining — and if possible by strengthening — the prospects for a viable Palestinian State. A critical objective must be to restore the depleted administrative, financial and service delivery capacities of the Palestinian Authority, while continuing to meet emergency requirements.**

49. **Meeting the immediate challenges requires full respect by the parties for their obligations under international humanitarian law. They must make every effort to facilitate the work of United Nations agencies and partners in the donor and aid communities. I call especially upon the Government of Israel to take immediate steps to lift restrictions, to revive the economy, restore Palestinian livelihoods and facilitate the work of the assistance community, including improving the freedom of movement of aid workers and beneficiaries.**

50. **The far-reaching efforts of the donors to provide financial assistance for the humanitarian agencies and to support the Palestinian Authority's budget are to be commended and must continue. I call upon the international community to provide the necessary resources for the assistance programmes for the Palestinian people. I would draw particular attention to the latest emergency appeal of UNRWA, which provides vital services for hundreds of thousands of Palestinians.**

51. **While international assistance can alleviate the suffering of the Palestinian people, only a comprehensive political settlement, which leads to the end of the occupation, can provide a real solution to the humanitarian and**

economic crisis faced by growing numbers of people in the West Bank and Gaza. Such a solution is offered in the Quartet's road map presented to the parties on 30 April, which calls for parallel steps addressing security, economic, humanitarian and political issues that will facilitate the establishment of an independent, democratic and viable State of Palestine, living side by side with Israel in peace and security.

52. **The United Nations system will continue to work within the Quartet and with the donor community, as well as the parties, to achieve a political solution through the implementation of the road map and to improve the living conditions of the Palestinian people.**

Notes

[1] See *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 13* (A/57/13).

[2] See S/2003/529, annex.